



Commission Memorandum

REPORT TO: Honorable Mayor and City Commission

FROM: Thom White, Park and Cemetery Superintendent
Ron Dingman, Director of Parks and Recreation

SUBJECT: User fee assessment

MEETING DATE: May 7, 2012

AGENDA ITEM TYPE: Policy Discussion

RECOMMENDATION: Support staff's proposed method for assessing User fees for the purpose of recovering a portion of the costs associated with the additional maintenance of a park or facility required due to the activities and needs of User groups. This method would be used beginning in the spring of 2013 and fees would be reevaluated each time an agreement is renewed or initiated. No fees will be changed in the 2012 agreements.

BACKGROUND: At the December 5, 2011 commission meeting, a policy discussion was held on Park User fee assessments. At that time, staff was directed by the Commission to come back with additional information and options for assessing User fees.

Historically, user fees were intended to help offset a portion of the additional costs associated with maintaining a facility, park or athletic field being used exclusively by a User group. User fees are indentified in the User agreement. In addition to the fee, User agreements spell out the responsibilities of all parties involved, define time periods of exclusive use, and provide the city with additional general liability insurance.

The lack of a consistent and reliable method in assessing User fees has been an issue that the Parks Division has struggled with for years. Staff has researched other communities, talked to peers, and met with User groups in an effort to develop a logical and equitable method for assessing fees.

On February 28, 2012, a meeting was held between Park Division staff and representatives from all twelve of the User Groups with which the City holds agreements. Staff provided a PowerPoint presentation which itemized the "above and beyond" costs associated with the maintenance required for each group. After much discussion, it was agreed that assessing the User Fee in the form of a subsidy percentage would be the fairest approach for all groups involved. The end result of the meeting was the creation of three categories of User Groups, along with corresponding subsidy percentages.

Staff is recommending that user fee assessments be based on a percentage of the calculated direct costs associated with the "above and beyond" maintenance associated with a user group being at

a facility, park or sports field. A chart outlining these costs is included in your packet. User groups would be classified as one of the following groups;

- Youth–athletic group
- Adult-athletic group
- Festival/market group

Each group’s designation would have a corresponding percentage of the total direct cost that the User group would pay. The percentages and rationale are as follows:

- Youth-athletic groups- (e.g.; baseball, soccer, girls softball, lacrosse) - **twenty five percent (25%) of the direct costs** The intent is focused on keeping the costs of the program affordable for all participants, recognizing that these programs foster and encourage youth to stay active and develop healthy lifestyles.
- Adult- athletic groups- (e.g.; adult softball)- **fifty percent (50%) of the direct costs** These groups provide beneficial and active adult programs for the community, yet also recognizing that adult groups have more flexibility and latitude in assessing their membership participation fees.
- Markets and festivals-(e.g.; Farmer’s Market and Sweet Pea) - **one hundred percent (100%) of the direct costs.** The major distinction between this designation and the previous two is that there is a profit element associated with the program. These groups are frequently selling in parks, where vendors are making a profit, and in certain instances, requiring an entry fee into a public park

To date, ten of the twelve User Groups have voiced their support for the proposed user fee formula and the anticipated fees for fiscal year 2013. The fact that the fee changes would not be drastically increased became an influencing factor to move forward with the new formula and philosophy.

RECREATION AND PARKS ADVISORY BOARD: Staff presented the proposed User fee philosophy and formula to the Recreation and Parks Advisory Board during their April 14, 2012 meeting. The Board voted unanimously to recommend that the commission support the proposal.

UNRESOLVED ISSUES:

- The level to which the city chooses to subsidize events and activities that occur on city-owned land. It is recognized that each group does provide a valuable commodity or activity to the citizens of Bozeman.
- City vs. County residents: should there be separate fees?

ALTERNATIVES: There are numerous methods used to calculate user fees throughout the state, region and country. Below are a few of the more common examples from around the state and region:

Athletic-type:

- Hourly rate- Generally between \$10 -\$25 per hour of field use, practice time is included in factoring the fee.
- Per season- Assess a user fee for a set period of time. Times are defined for exclusive use of the park or facility, otherwise, the venue is for the enjoyment of the public. Example of a “per season” fee: \$2500 for the use of a venue from April 28, 2012 until July 15, 2012.
- Per player: Set aside a certain amount of money for each participant that signs up for a program. This method is common in bigger cities and in communities that run most of their own recreational programs.
- Percentage of player/entrance fees: Assess a user fee based on a percentage of what a group charges their membership to participate. For example, baseball charges \$100 for each child to play and there are 400 participants and the user fee is 10%. $100 \times 400 = 40,000 \times 10\% = \4000 user fee.
- No fee: Waive all user fees and infuse into the Parks Division’s maintenance budget the amount that was waved.
- **As suggested by the commission.**

Festival/Markets:

- Facility or vendor fee- a fee that is usually negotiated and agreed upon by both parties. That fee becomes part of the cost of entrance, ticket price or vendor booth rental. For example, it is agreed upon by both parties that 40 cents is earmarked to the city out of every \$12 ticket sold for an event. There were 4000 tickets sold, therefore the “facility” or user fee would be \$1600. This assessment method is by far the most common across the state and region. Utilized by the majority of the venues that bring in concerts and trade shows.
- Daily rental: The city or other entity sets a daily rate for the use of a park, venue or facility. Common in bigger cities in regards to athletic tournaments outside the realm of “league play.” and fundraising endeavors in parks such as walks, carnivals and bake sales.
- **As suggested by the commission.**

FISCAL EFFECTS: Currently, the city assesses \$ 10,340.00 in user fees per year. The projected amount, based on the proposed user fee formula, would be \$ 13,347.75

Attachments:

- User fee direct costs/subsidy comparison document
- Report compiled on: 4/26/12

User Groups/Direct Costs and proposed subsidies

USER GROUP	DIRECT COST	CURRENT USER FEE	PROPOSED USER FEE FOR FY13
Bozeman Baseball	\$10,495.40	\$2000.00	X 25%= \$2623.85
Gallatin Valley Softball	\$8007.70	Waived for the lighting improvements- historically GVSA paid \$5000.00 per year	X 50%=\$4003.85
Lion's Club Football	\$2798.85	Waived for the building- traditionally the fee was \$1500.00	X 25%=\$700.00
YMCA Flag Football	\$3365.77	\$1200.00	X 25%=\$841.44
Bozeman Blitz Soccer	\$9106.55	\$2000.00	X 25%=\$2276.64
BMX	\$ 180.00	\$500.00	\$500.00 (MINIMUM)
AYSO soccer	\$ 5801.55	\$500.00	X 25%=\$1452.64
Girls Fast Pitch Softball	\$ 1028.33	\$500.00	\$500.00 (MINIMUM)
Gallatin Valley Lacrosse	N/A	N/A	N/A
Bozeman Ski Foundation	\$1630.88	Nothing	\$500.00 (MINIMUM)
Sweet Pea	\$2866.55	\$2500	100% of direct costs= \$2866.55
Farmer's Market	\$1086.63	\$1140	100% of direct costs= \$1086.63